PROVINCE OF SASKATCHEWAN

10-11

FINANCIAL STATEMENTS

MINISTRY OF EDUCATION

Technology Supported Learning
Revolving Fund

Letters of Transmittal

The Honourable Dr. Gordon L. Barnhart, S.O.M.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2011.

Donna Harpauer

Donna Harpauer
Minister of Education

The Honourable Donna Harpauer
Minister of Education

I have the honour of submitting the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2011.

Audrey Roadhouse

Audrey Roadhouse
Deputy Minister of Education

Provincial Auditor Saskatchewan

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Technology Supported Learning Revolving Fund, which comprise the statement of financial position as at March 31, 2011, and the statements of operations and accumulated operating surplus (deficit), and changes in accumulated net recovery (expenditure) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Technology Supported Learning Revolving Fund as at March 31, 2011, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bonnie Lysyk

Regina, Saskatchewan
July 4, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

Technology Supported Learning Revolving Fund
Statement of Financial Position
As at March 31

	2011	2010
Financial Assets		
Accounts receivable	$ -	$ 191,484
Accumulated net recovery (expenditure) - Statement 3	24,934	(71,366)
Total Financial Assets	$ 24,934	$ 120,118
Liabilities		
Accounts payable and accrued liabilities	$ 11,250	$ 138,026
Total Liabilities	$ 11,250	$ 138,026
Accumulated operating surplus (deficit) - Statement 2	$ 13,684	$ (17,908)

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Statement of Operations and Accumulated Operating Surplus (Deficit)
For the Year Ended March 31

	2011 Budget (Note 8)	2011	2010
Revenues			
Sales	$ -	$ -	$ 1,032
Less: Cost of goods sold	-	-	16,114
Gross profit (loss)	$ -	$ -	$ (15,082)
Tuition fees	-	-	102,600
Registration fees	-	-	1,190
Subsidy from General Revenue Fund	-	-	190,000
Other revenue (note 9)	-	33,075	7,680
Total revenues	$ -	$ 33,075	$ 286,388
Expenses			
Salaries	$ -	$ -	$ 361,936
Postage	-	-	7,562
Office and educational	-	-	6,235
Telephone	-	-	1,536
Adult Tuition Subsidy	-	-	78,610
Bad debt expense	-	1,483	-
Other	-	-	1,082
Total expenses	$ -	$ 1,483	$ 456,961
Annual surplus (deficit)	$ -	$ 31,592	$ (170,573)
Accumulated operating surplus (deficit), beginning of year		(17,908)	152,665
Accumulated operating surplus (deficit), end of year - to Statement 1		$ 13,684	$ (17,908)

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Statement of Changes in Accumulated Net Recovery (Expenditure)
For the Year Ended March 31

	2011	2010
Financing required for operating activities:		
Annual surplus (deficit)	$ 31,592	$ (170,573)
Net decrease in working capital related to operations (Note 5)	64,708	351,507
	$ 96,300	$ 180,934
Accumulated net expenditure, beginning of year	(71,366)	(252,300)
Accumulated net recovery (expenditure), end of year - to Statement 1	$ 24,934	$ (71,366)

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Notes to Financial Statements
March 31, 2011

1. Authority and Definition of Entity

The Technology Supported Learning Revolving Fund (Revolving Fund) was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 10-12, to Saskatchewan residents through distance education.

In the Ministry of Education's 2008-09 budget process, Treasury Board approved the Ministry's proposal to discontinue online courses and transition the delivery of distance education to the educational sector.

Effective April 1, 2010, transactions flowing through the Revolving Fund will be to collect receivables, discharge liabilities and to transfer net assets to the General Revenue Fund. The Revolving Fund will be wound up pending Legislative changes.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to the public sector. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Changes in Accumulated Net Recovery (Expenditure) and Note 5. The following accounting policies are considered significant:

a. Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b. Accumulated Net Recovery (Expenditure)

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net recovery (expenditure) of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's changes in working capital and net cash flow from operations.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 766/90 sets the maximum amount at $1,200,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Technology Supported Learning Revolving Fund is $100,000.

5. Net Change in Working Capital Items Related to Operations

	2011	2010
Decrease in cash	$ -	$ (100)
Decrease in accounts receivable	(191,484)	(666,299)
Decrease in inventories	-	(16,114)
Decrease in accounts payable and accrued liabilities	126,776	232,006
Decrease in unearned revenue	-	99,000
Net decrease in working capital items	$ (64,708)	$ (351,507)

6. Amount Reported in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the annual surplus (deficit) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2011	2010
Annual surplus (deficit)	$ 31,592	$ (170,573)
Decrease in inventory balance	-	16,114
Timing differences in recording revenues and expenses	(871)	7,279
Net recovery (expense) reported in Public Accounts	$ 30,721	$ (147,180)

7. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2011	2010
Telephone (SaskTel)	$ -	$ 1,536
Postage and office supplies (Ministry of Government Services)	-	7,274
Adult Tuition (Good Spirit School Division)	-	9,036
Adult Tuition (Northwest School Division)	-	5,000
Adult Tuition (Regina School Division)	-	16,650
Adult Tuition (Saskatchewan Rivers School Division)	-	3,600
Adult Tuition (Saskatoon School Division)	-	20,475
Adult Tuition (St. Paul's R.C.S.S.D.)	-	23,850

8. Budget

Prior to April 1, 2010 Treasury Board approved the Revolving Fund's budget annually. Effective April 1, 2010 the only transactions flowing through the Revolving Fund were to collect receivables, discharge liabilities and transfer net assets to the General Revenue Fund. As a result no 2010-11 budget was approved by Treasury Board.

9. Other Revenue

Revenue was recorded in the current year as a result of the write off of prior year accruals. The accruals had been set up in the prior year to reflect the best estimate of funding required for students who were enrolled in programs at year end. Subsequent to year end the payment criteria was not met and the payables were no longer required.